



July 23, 2013

VIA FAX AND OVERNIGHT COURIER

Attn: Jeffrey Morales, CEO
California High-Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 95814
Fax: (916) 322-0827

Attn: Thomas Fellenz, Chief Counsel
California High-Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 95814
Fax: (916) 322-0827

**Re: Notice of Default
County of Madera, et al. v. CHSRA (Case No. 34-2012-80001165)**

Dear Messrs. Morales and Fellenz:

We hereby provide notice that the California High-Speed Rail Authority ("Authority") is currently in default of the Settlement Agreement ("Agreement"), dated April 17, 2013, which Agreement resolved the lawsuit referenced above. Specifically:

1. The Authority has failed, despite informal demands and responsive assurances, to remit payment "as soon as reasonably possible" for the Agricultural Land Mitigation Fund ("ALMF") and for Petitioners' attorneys' fees and costs/expenses, despite having timely received the Petitioners' documentation for the incurred fees and costs, pursuant to Sections 3.a. and 3.b. of the Agreement.
2. The Authority has failed to (a) formally identify the Participating Petitioners (as that term is defined in the Agreement) as participants in the Department of Conservation's ("DOC") Farmland Conservancy Program and (b) use its best efforts to arrange for an amendment to the DOC's scope of work to require meetings with the Participating Petitioners and opportunities to participate in the DOC program, pursuant to Section 1.a. of the Agreement.
3. The Authority has failed to (a) timely submit for Participating Petitioners' approval a list of proposed qualified mediators that would comprise the panel of mediators for valuation of agricultural land proposed for acquisition and (b) establish the panel of mediators by the May 17, 2013 deadline, pursuant to Section 2.d.ii. of the Agreement.

Attn: Jeffrey Morales, CEO

Thomas Fellenz, Chief Counsel

With respect to the first default listed above, we have not received payment into our Attorney Client Settlement Trust Account from the Authority, despite the assurances in recent correspondence from Mr. Fellenz that we would receive a check for the full amount by last Friday, July 19, 2013 (and despite the prior assurance that we would receive payment of the attorneys' fees and costs/expenses portion by July 2, 2013). The Authority received Petitioners' submission of required documentation of incurred fees and costs/expenses and the amount due for the ALMF on May 14, 2013. It was certainly "reasonably possible" to remit payment soon after receiving this documentation, and yet the Authority still has not remitted payment after ten full weeks. The Authority must cure this default by immediately making both payments.

As to the second default, because we have not received any indication that these requirements have been satisfied, we must assume that the Authority has failed to comply with them. The Authority must cure this default by satisfying the requirements of Section 1.a. and submitting documentation of such satisfaction prior to the expiration of the 30-day Cure Period (as that term is defined in Section 10.b. of the Agreement).

As to the third default, the Authority has not established the panel of mediators by the deadline set forth in the Agreement, and has not even submitted to Participating Petitioners the list of proposed mediators, as is required as a predicate to timely establishing the panel. This default is particularly prejudicial because the Authority is already proceeding with the land acquisition process but the panel is not in place to help settle disputes concerning land valuation. The Authority must cure this default by submitting a list of proposed mediators within five (5) days of this Notice of Default and verifying that it has established the panel of mediators prior to the expiration of the Cure Period.

If the Authority does not timely cure the foregoing defaults, we will seek enforcement by the Court, pursuant to Section 11 of the Agreement and under the Court's continuing jurisdiction, as provided in the Stipulated Judgment, and will pursue all available legal remedies, including reasonable attorney's fees as provided in Section 13.f. of the Agreement. Of course, we hope that the Authority timely cures each of the defaults described above so that judicial enforcement of the Agreement can be avoided.

Frankly, the Authority's pattern of defaulting on core terms of the Agreement, at this critical stage of developing the overall High-Speed Train system and almost immediately after entering into the Agreement, is very disturbing and surprising. By not performing as promised, the Authority risks further compromising trust and eroding good will. We suggest that the Authority reconsider its approach. Among other things, the Authority's failure to honor the promises it has made in the Agreement will undoubtedly make other parties reluctant to settle the inevitable disputes that will come in the future with regard to this massive project.

Attn: Jeffrey Morales, CEO

Thomas Fellenz, Chief Counsel

We look forward to your prompt response and confirmation of immediate compliance.
Please contact the undersigned to discuss the status of this matter.

Very truly yours,

FITZGERALD ABBOTT & BEARDSLEY LLP

By



Barry H. Epstein

cc: (via e-mail and mail)
Petitioners